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Message Text

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ACTION OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-08 AID-05 TRSE-00 CIAE-00
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AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A
TAGS: EINV, BEXP, NU
SUBJECT: LABOR PRACTICES OF ROSARIO RESOURCES CORPORATION

REF: A) STATE 144048, B) MANAGUA 2648, C) MANAGUA 2171

1. DURING RECENT PERSONAL VISIT TO SIUNA AND ROSITA, EMBOFF TOOK OPPORTUNITY TO TALK WITH THREE WORKERS WHO HAD WORKED, OR ARE WORKING, WITH ROSARIO MINING OPERATIONS IN THAT AREA. ALTHOUGH THE INTERVIEWS WERE INFORMAL AND THIS SAMPLING WAS VERY LIMITED, EMBASSY FEELS THAT FOLLOWING OBSERVATIONS MAY BE RELEVANT TO DELIBERATIONS CITED REF A.

2. TWO OF THE WORKERS HAD "ABOVE GROUND" RESPONSIBILITIES, ONE IN THE MAINTENANCE AND SUPPLIES DEPARTMENT AND THE OTHER AS A MACHINERY MECHANIC.THE THIRD EMPLOYEE WORKS IN THE ENGINEERING DEPARTMENT, BUT FREQUENTLY GOES INTO THE ROSITA MINE SHAFT.

3. THE THREE WORKERS WERE IN AGREEMENT THAT ROSARIO DOES NOT PAY HIGH WAGES (CURRENTLY APPROXIMATELY US$0.37 PER HOUR FOR SHAFT WORKERS IN THE ROSITA MINE). AND PROPLE WORK FOR THE MINING COM-
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PANY THROUGH NECESSITY. ONE WORKER NOTED, HOWEVER, THAT THE COMPANY DOES PROVIDE AN OUTLET FOR BUYING FOOD AT LESS EXPENSIVE PRICES AND DOES EXTEND CREDIT TO THE WORKERS. ALL WORKERS NOTED THAT THE TOWNS OF SIUNA/LA LUZ AND ROSITA DID NOT EXIST BEFORE THE OPENING OF THE MINES AND THAT THERE ARE FEW OTHER LOCAL OPPORTUNITIES FOR EMPLOYEMENT. THE ENGINEERING DEPARTMENT EMPLOYEE INDICATED THAT HE FEELS THE SHAFT WORKERS ARE EXPOSED TO DANGEROUS WORKING CONDI-

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TIONS AND NOTED THAT THE MINING COMPANY HAS NEITHER CONDUCTED ADE-
QUTE SAFETY INSPECTIONS NOR HAS IT INSTITUTED ADEQUATE SAFETY MEA-
SURES TO PROTECT THE SHAFT WORKERS. (N.B. EMBOFF HAD NO OPPORTUNITY
TO DISCUSS THESE ALLEGATIONS WITH COMPANY OFFICIALS.) ACCORDING TO
THE WORKERS, GROUP ACTION OR UNIONIZATION OF THE EMPLOYEES HAS NOT
TAKEN PLACE OWING TO THE LACK OF EDUCATION AMONG THE WORKERS AND
FEAR OF LOSING THEIR JOBS.

4. COMMENT: THE TOWNS OF SIUNA AND ROSITA ARE FAR FROM AFFLUENT AND
MANY OF THE RESIDENTS LIVE IN GRINDING PROVERTY. IT IS DIFFICULT TO
COMPARE THE WAGE RATE PAID BY ROSARIO WITH OTHER INDUSTRIES IN THE
AREA AS THERE IS, IN REALITY, NO OTHER INDUSTRY IN THOSE TOWNS.
RESIDENTS WHO DO NOT WORK IN THE MINES OR FOR THE MINING COMPANY
ARE SHOP KEEPERS OR MAKE THEIR WAY THROUGH SUBSISTENCE LEVEL FARM-
ING; A FEW MAY ALSO WORK FOR LUMBER COMPANIES. ALTHOUGH THE MINING
COMPANY DOES NOT PAY GENEROUS WAGES; IT DOES SUPPLY STEADY EMPLOY-
MENT (WHEN THE MINES ARE OPERATING) FOR PEOPLE FACED WITH FEW AL-
TERNATIVES. THE ISSUE OF SAFETY MEASURRES AND INSPECTIONS, IF OUR
INFORMANTS ARE CORRECT, IS ONE WHICH ROSARIO SHOULD ADDRESS. A
SYSTEM OF REGULAR INSPECTIONS BY OUTSIDE INSPECTION TEAMS AND
THE REQUIREMENT THAT ROSARIO IMPLMENENT SAFETY RECOMMENDATIONS
WOULD NO DOUBT HAVE A POSITIVE IMPACT ON WORKING CONDITIONS.

5. MEMORANDUM CONCERNING THE INTERVIEWS HAS BEEN FORWARDED TO DAN
WELTER, NICARAGUAN DESK OFFICER, IN ARA/CEN.

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6. ON JUNE 23 THOMAS TOWNSEND, VICE PRESIDENT (FINANCE), ROSARIO
RESOURCES CORPORATION WHO WAS VISITNG NICARAGUA CALLED AT EMBASSY.
HE SAID THAT HE WAS NOT IN A POSITION TO COMMENT ON THE FIRM'S MINE
SAFETY RECORD IN NICARAGUA BUT UNDERTOOK TO SEND US INFORMATION
ON THAT SUBJECT AND ON THE FIRM'S LABOR PRACTICES AS WELL. THAT
INFORMATION WILL BE FORWARDED TO WASHINGTON UPON RECEIPT.
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